HENNEPIN COUNTY ADULT DETENTION CENTER -	
A REVIEW OF PROCEDURES AND CONTROLS ASSOCIATED	WITH
JAIL BILLINGS TO THE CITY OF MINNEAPOLIS	

APRIL 2008

INTERNAL AUDIT CITY OF MINNEAPOLIS ROBERT BJORKLUND, DIRECTOR OF INTERNAL AUDIT

FACTUAL BACKGROUND

Minneapolis City Councilmember Paul Ostrow and Minneapolis Police Department (MPD) Deputy Chief Sharon Lubinski requested Internal Audit (IA) review preconviction jail billings received by the City/MPD from Hennepin County (County) for persons booked into their facility (Adult Detention Center, aka ADC or jail) on misdemeanor and ordinance violation charges. More specifically, Deputy Chief Lubinski asked the review include a "close tracking of a Minneapolis arrest and the booking into jail, what charges the person is booked for, the level of charges (misdemeanor, gross misdemeanor, felony, etc) how long they are in jail, what are the charges the jail submits to us for payment, and do these charges match City ordinance and state law..."

In August, 1968, the City and County passed substantially identical resolutions outlining an agreement whereby the City would pay for prisoner care based upon the actual operating expenses of the County jail of prisoners charged with misdemeanors and ordinance violations. In September, 1980, and again in September 2004, the County unilaterally passed a resolution modifying the billing procedures for prisoners charged with misdemeanors and ordinance violations. The city's continued payment of the modified billing shows the City acquiescence to the modifications and the continued existence of an agreement (Agreement). The city has the power to terminate the Agreement by giving the County reasonable notice.

Absent an agreement to the contrary, state law holds the county responsible for all costs of pre-conviction processing of prisoners charged under state statute and the city responsible for all costs of pre-conviction processing of prisoners charged under City ordinance.

METHODOLOGY

IA's work included discussions with County personnel, City of Minneapolis Finance, MPD and Minneapolis Office of the City Attorney personnel, substantive testing of individual billing charges which included obtaining supporting documentation (i.e. booking sheet, police report) from MPD's Criminal History and Records Unit, research of resolutions, state statutes, memorandums/opinions from the Minneapolis Office of the City Attorney, a 2001 County Internal Audit report and other related miscellaneous documentation.

Two small (15+) samples were selected by IA, by means of haphazard selection process, of individual arrest billings from the June, July and August 2007 monthly billing invoices. One sample (Sample A) concentrated on high dollar amounts (>\$500 per individual). The second sample (Sample B) looked at smaller dollar amounts but also included a variety of how a prisoner was committed or how they were charged on a given arrest.

Once the samples were selected, IA then went to the MPD Criminal History and Records Unit to obtain copies of the booking sheet and police report to determine what the booking offense was (misdemeanor, felony, etc) and also what was violated (statute, ordinance etc).

FINDINGS

- Monthly billings to the City from the County for 2007 totaled nearly \$1.9 million; this included over \$850,000 for "processing fees" which, as IA was informed, is a \$75 flat fee for Hennepin County's fingerprinting arrestees. The current charges, as approved by the County Board, have a daily per diem rate of \$103.44 with an hourly rate of \$4.31 from the time of booking.
- No monthly/routine detailed audit of charges is done by either Finance or the MPD.
- Results of both tests were very similar. In the high dollar sample (Sample A) all 15 bookings were for misdemeanor charges. 14 of the 15 bookings were for violation of a state statute and one booking was for a violation of a City ordinance. In the second sample (Sample B) 15 of the 16 bookings were for misdemeanor charge and the remaining booking was for a felony charge (no per diem was charged here, only the \$75 processing/fingerprinting fee). 15 of the 16 bookings were for state statute violations and one was for violation of a City ordinance. These two test results, albeit small, had >90% statute offenses.
- In Sample A the City was charged and paid \$24,420.46 (per diem charges only). Absent any agreement to the contrary, Minnesota Statutes would have required the City to pay \$1,663.66 an overpayment of \$22,756.80. In Sample B, the City was charges and paid \$2,831.67. If charged pursuant to Minnesota Statutes only for the persons booked on City ordinance violations, the charge would have been \$2,659.27. Potential overpayments on just these two small samples were in excess of \$25,000.
- Hennepin County is the only county in the state which charges municipalities for pre-conviction jail costs. Additionally, according to a 2001 Hennepin County Internal Audit report, based on 1999 and 2000 billing data, Minneapolis billings account for 83% of total ADC billing.
- It is an unacceptable financial practice for the City of Minneapolis to pay invoices, absent legal authority and a clear written contract. Staff should not be executing payments without clear authority.

CONCLUSION AND RECOMMENDATIONS

The City is paying more than statutorily required because of the Agreement with Hennepin County. Absent the Agreement, the City is only responsible for statutorily authorized charges.

IA recommends the City Council rescind the 1968 resolution to be effective on a date that gives reasonable notice to the county that the City will be terminating the current Agreement. Further the City should inform the County that upon termination of the Agreement, the city will only pay jail invoices that conform to applicable state laws.

Given upcoming budget considerations, IA also recommends negotiations between the City and the county begin in an attempt to have a contract in place for the next fiscal year regarding the procedures to be followed in paying the statutory required charges.

